

# The Dos & Don'ts of Travel Insurance



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# Agenda

- Introduction
- The Current Market Landscape
- Emerging Trends
- Travel Insurance Dos & Don'ts
- Sales Tips
- Conclusion/Questions



# Introduction



# Why is travel insurance important?

- ▶ Canadians value their vacations!
- ▶ Vacations are no longer viewed as a luxury
  - ▶ 70% of Canadian families will spend \$1,000 - \$4,999 per person for vacations in 2015
- ▶ What we'd give up for one more vacation day:
  - ▶ 46% - alcohol for a week
  - ▶ 43% - no TV for a week
  - ▶ 36% - (tied) no cell phone / no coffee for a week

Source: *Expedia.ca/Northstar Survey, June 2013*



# Why is travel insurance important?

- ▶ Canada's health care system doesn't work the same way outside of the province/country
- ▶ MSP typically pays 3-7% of all medical costs incurred when travelling abroad
- ▶ According to THiA, only 6% of Canadians are aware that provincial healthcare will pay < 1/10<sup>th</sup> of medical bills when abroad. In the same survey, 94% will pack underwear – both are important!

*Source: THiA Consumer Survey, October 2014*



# Why is travel insurance important?

	MSP Coverage Maximum	Average Cost in the US
Doctor visit	\$28.90	\$300
ER fees	\$0	\$2,000 - \$5,000
Inpatient/hospital admissions	\$75/day	\$3,000 - \$5,000/day (reaching up to \$10,000+/day)
Laboratory charges	\$4 - \$7	\$300
X-ray	\$14	\$200
MRI	\$300	\$3,000 - \$4,000

*Note: costs vary geographically and with diagnosis*



# Why is travel insurance important?

## ▶ Financial protection – a claims example

A 57 year-old woman awoke in the middle of the night suffering from acute abdominal pain. During the early morning hours she was admitted to hospital where she was diagnosed with a complete stomach blockage. She immediately had surgery and spent the next 5 days in hospital.

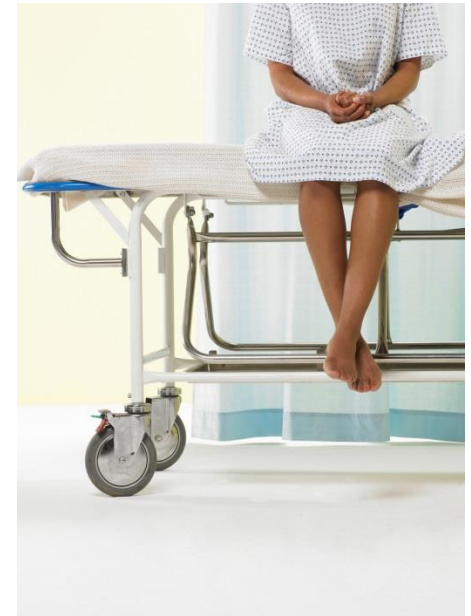
Total cost: \$90,805

Portion paid by provincial government: \$2,605 (*3% of claim total*)



# Why is travel insurance important?

- ▶ Medical assistance
  - ▶ knowledge & experience with local medical facilities
  - ▶ a helping hand at a time when it's needed most
- ▶ Peace of Mind





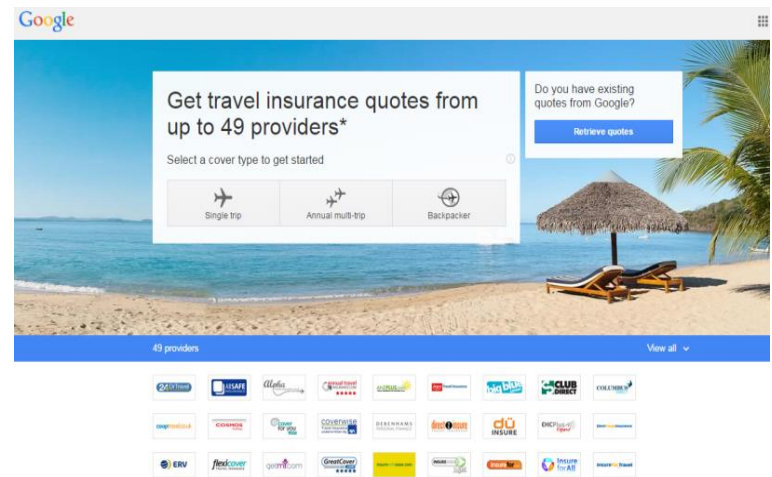
# Why is selling travel insurance important?

- ▶ Increased business/revenue
  - ▶ Cross-selling to as little as 5% of your existing customers can increase sales by 25%+, according to the *Harvard Business Review*
- ▶ Builds retention



# Why is selling travel insurance important?

- ▶ Online Retailers
  - ▶ What customers value in the broker relationship
  - ▶ The future - how to differentiate and sell against these new potential competitors



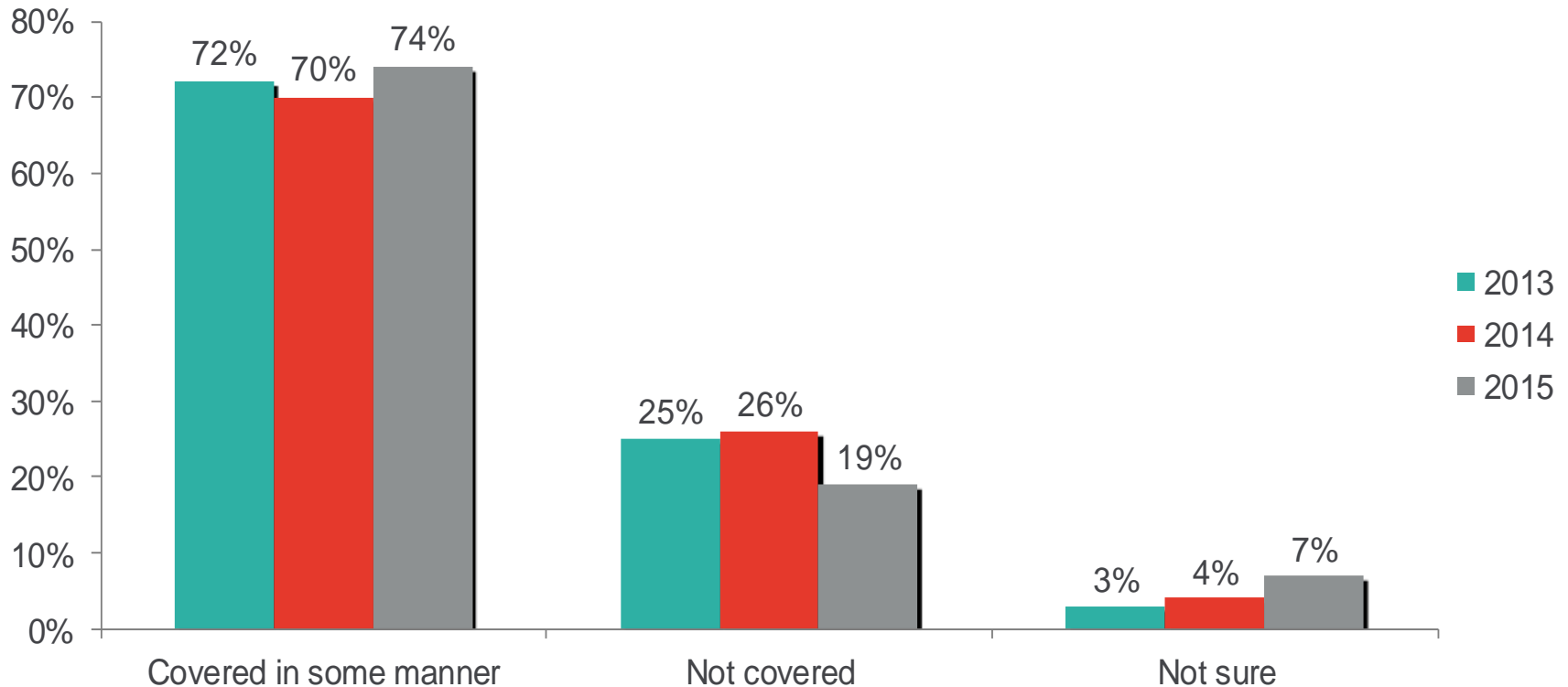
Source: "What will Google Do Next?", [insurancelinked.com](http://insurancelinked.com)



# The Current Market Landscape



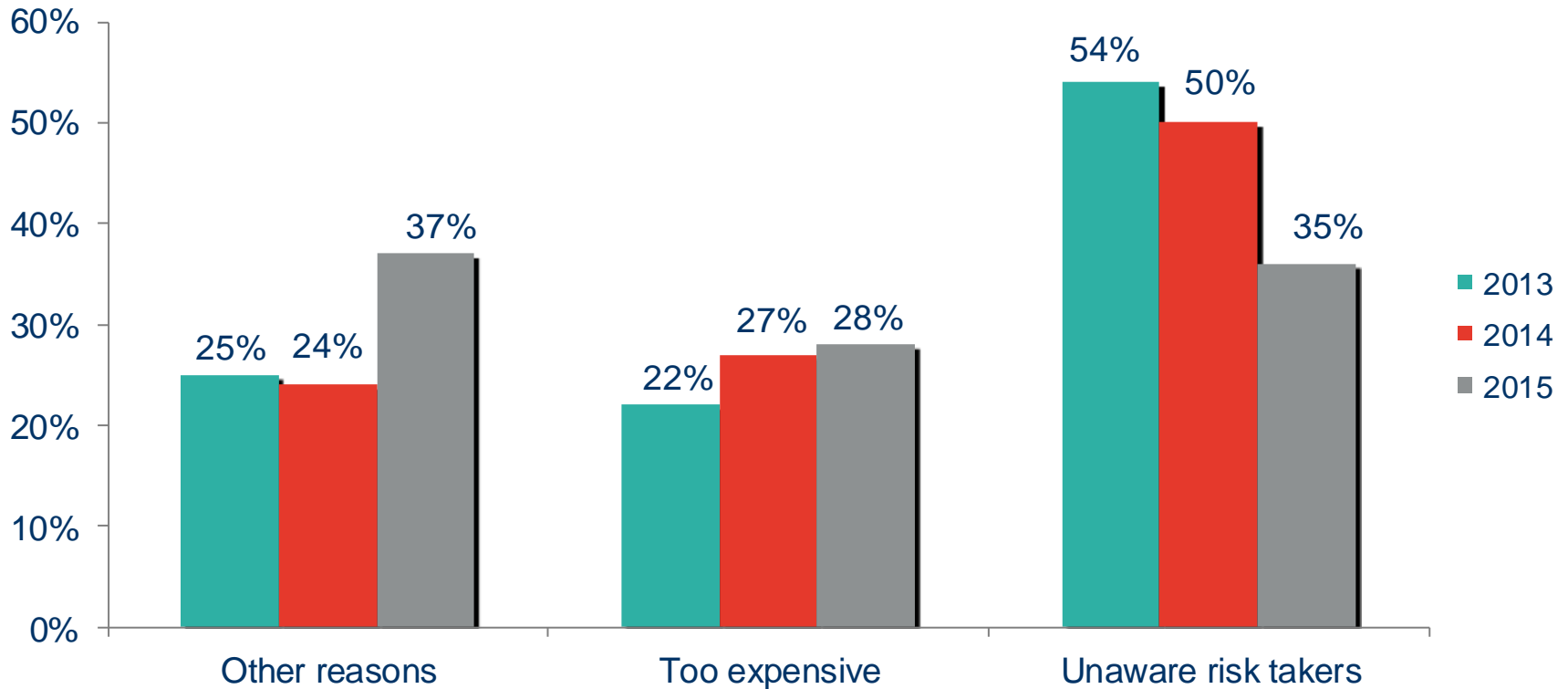
# Travellers covered by travel insurance



Source: Conference Board of Canada, 2015  
Canadian Travel Health Insurance Survey



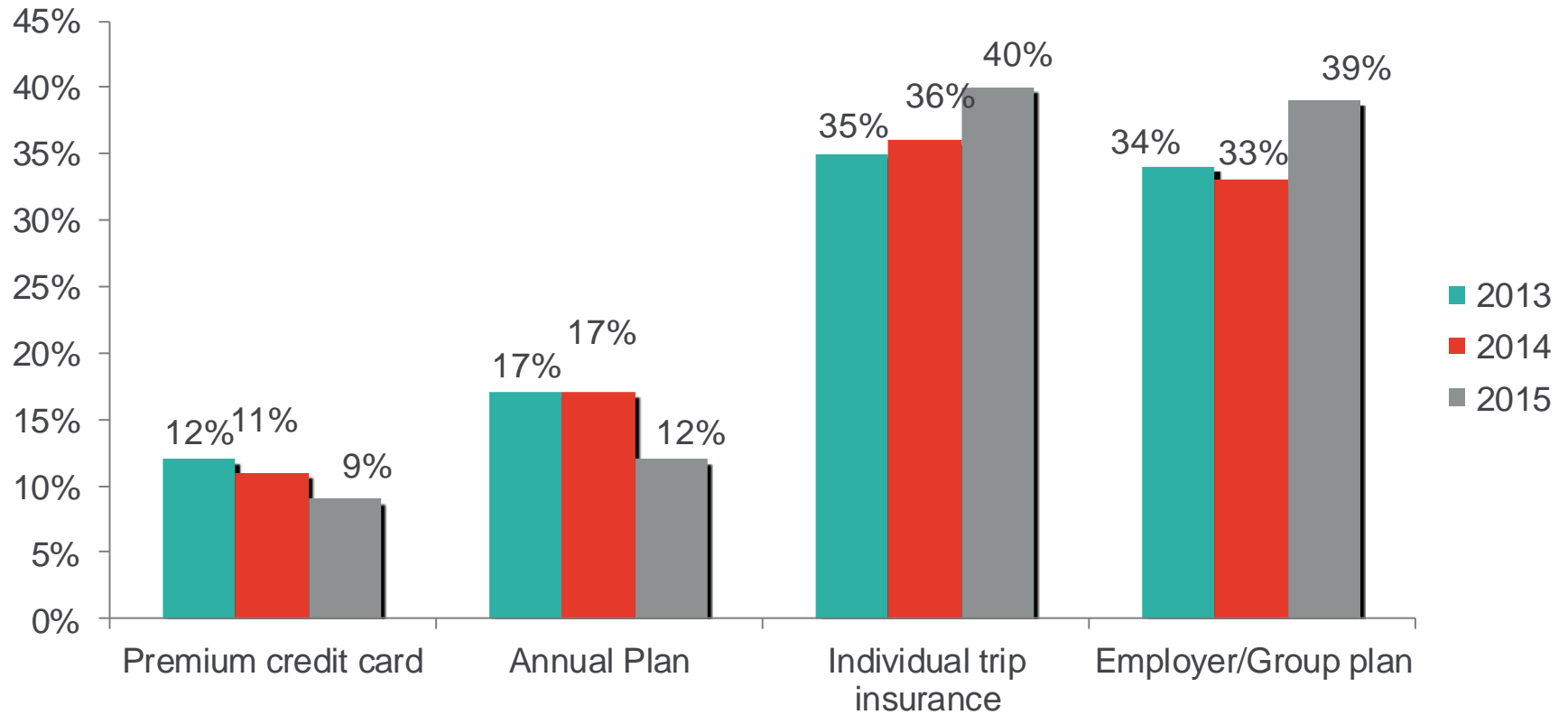
# Why travellers didn't purchase travel insurance



Source: Conference Board of Canada, 2015  
Canadian Travel Health Insurance Survey



# How travellers were covered



Source: Conference Board of Canada, 2015  
Canadian Travel Health Insurance Survey



# BC travel behaviour

- ▶ Over ½ of BC residents have changed their travel behaviours compared to 2-3 years ago, in terms of frequency, duration, and destination.
- ▶ Factors determining travel behaviour
  - ▶ Change in financial circumstances
  - ▶ Exchange rates
  - ▶ Economy
  - ▶ Health



# The Canadian Dollar & Travel to the USA

- Impact to air travel vs. 'rubber tire' market
- USD\$ - changes over the past 5 years
- Less purchase power - impact on hotel costs, vacation packages, food & entertainment costs, trip lengths, etc.



Source: Conference Board of Canada





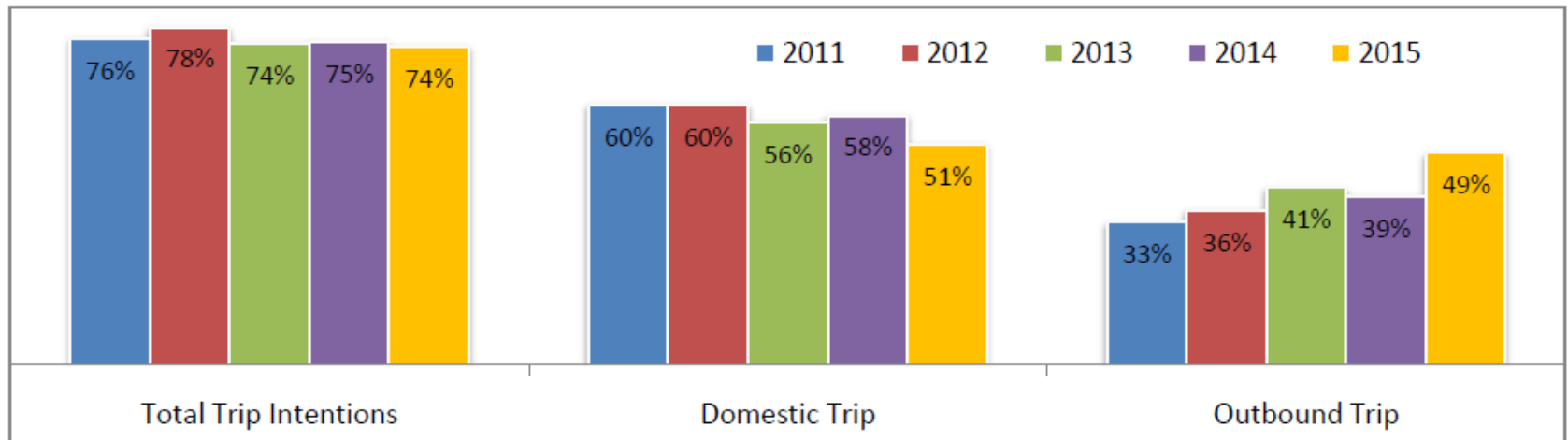
# The Canadian Dollar & International Travel

- Increased purchasing power internationally means new and more affordable options + better value for Canadians
- Top 5 International Destinations – from YVR
  1. London
  2. Hong Kong
  3. Shanghai
  4. Beijing
  5. Seoul



# The Canadian Dollar & International Travel

## Summer Outbound Vacation Intentions



Source: CBoC annual summer travel intentions survey of 1,500 Canadian adults; margin of error is +/- 2.5% at 95% confidence interval.

Source: Conference Board of Canada



# Emerging Trends



# Technology

- Changing Landscape for flights, hotels, packages, etc
- AirBNB
  - 37 million room nights
  - Inventory = 300,000 rooms available
  - Market Capitalization: \$20 billion
  - Number of rooms *owned*... 0!

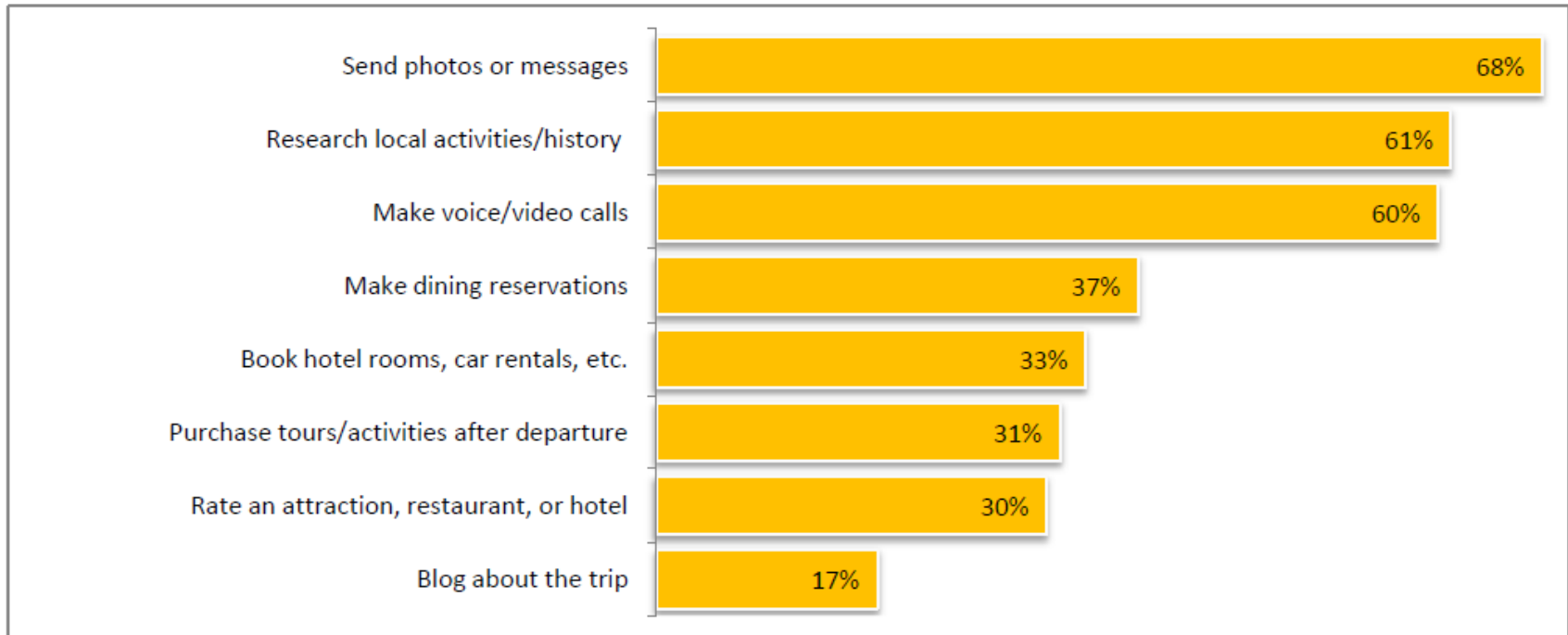


Hospitality Brand	Market cap/valuation
Hilton	\$27.84 billion
Marriott	\$22.98 billion
<b>Airbnb</b>	<b>\$20 billion</b>
Starwood	\$13.79 billion
Wyndham	\$11.03 billion
Accor	\$10.82 billion
InterContinental Hotel Group	\$10.54 billion
Hyatt	\$8.98 billion
Choice Hotels	\$3.65 billion
HomeAway	\$2.93 billion

Source: Yahoo Finance

# Technology

## Use of Mobile Devices When Travelling Outside Canada



Source: CBoC annual summer vacation travel intention survey of 1,500 Canadian adults.



# Technology

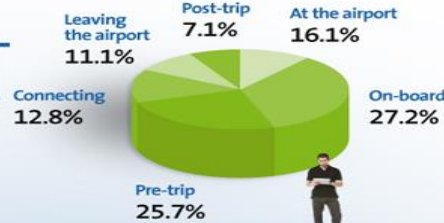
## The always-connected traveller: How mobile will transform the future of air travel

The global study identifies traveller attitudes to airline mobile services whilst also highlighting emerging mobile technologies set to transform each stage of the travel experience.



### Importance of each step

"When flying, how important are the following 6 steps for your overall airline travel experience?"



# 73.4%

of the Earth's population subscribe to wireless services

- 1 Pre-trip**  
The most important stage of the process. Passengers are looking for easy ways to plan, book and board the plane
- 2 At the airport**  
Mobile is used if things go wrong with the travel experience i.e. lost bags, seating and disruption
- 3 On-board**  
A unique opportunity for airlines to provide enhanced services with the increase in connectivity on planes
- 4 At the destination**  
Passengers are increasingly using mobile to explore, connect, and share experiences
- 5 Post-trip**  
Social media provides an immediate outlet for feedback from customers

## Global mobile subscribers

The number of worldwide subscriptions for wireless services reached **5 billion** in September 2010. The world-wide smart-phone market grew **79.7% year on year** in the first quarter of 2011 (1Q11), according to the International Data Corporation (IDC) Worldwide Quarterly Mobile Phone Tracker.



# 16%

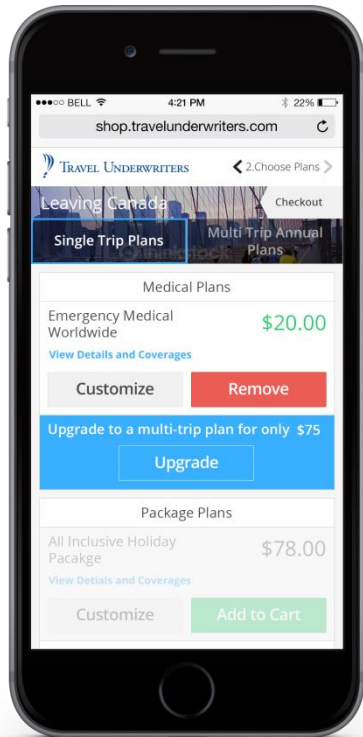
of travellers surveyed currently use smartphones to book trips

Trends for Brighter, Bolder, Better travel

For more information visit:  
[www.amadeus.com/alwaysconnectedtraveller](http://www.amadeus.com/alwaysconnectedtraveller)

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# Technology



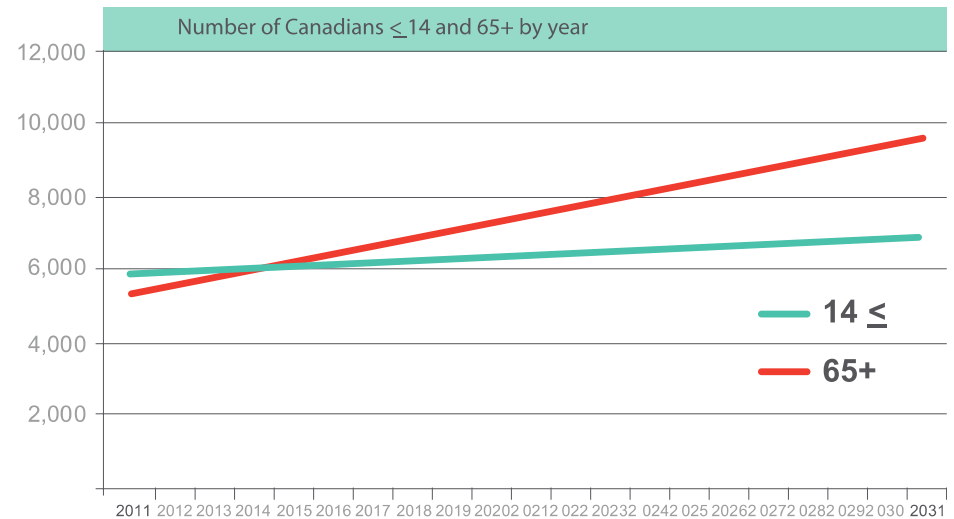
- Increased use to purchase travel insurance online
- Make sure your web sales site is mobile friendly!

	Computers	Mobile Devices
2013	90%	10%
2014	80%	20%
2015	68%	32%
2016/17	50%	50%



# Demographics

- ▶ Baby Boomers/Zoomers
  - ▶ Zoomers, age 55 – 70, account for 80% of all luxury travel and travel more frequently than any other group





# Demographics

- ▶ The Snowbird Market
  - ▶ Canadians 55+ are 40% more likely to travel overseas for leisure than younger people
  - ▶ A growth market for several years & will continue
  - ▶ Short term trends
  - ▶ Long term trends - patterns will change within the next 5-7 years as snowbirds age

*Source: Conference Board of Canada*



# Multi-generational Travel

- ▶ What is a multi-generational trip?
- ▶ 40% of all active leisure travellers have taken at least one multi-generational trip
- ▶ The majority are focused on larger “life events”
- ▶ Geography – vacations replacing the traditional Sunday dinner



# Travel Insurance Dos & Don'ts



# Before You Start

## DO

- ▶ **Always ask your customers about their upcoming trips!**
  - ▶ The MHQ shouldn't be the only set of questions you ask customers, outside of building a relationship
  - ▶ Asking questions about their upcoming vacation plans can give you excellent insight into their needs, areas of the policy to review, what provider/plan to offer, etc.



# Before You Start

- ▶ *Where are you travelling to?*
  - ▶ If travelling outside of the US, there may be plans available that are less expensive
- ▶ *Are you planning to take more than one vacation this year?*
  - ▶ An excellent opportunity for an upsell to an Annual Plan
  - ▶ Better value for the customer
- ▶ *What type of vacation are you taking?*
  - ▶ Cruises and tours present an increased need for Trip Cancellation/Interruption Insurance



# Before You Start

## DO

- ▶ DID YOU KNOW – 22% of all travellers plan to participate in an adventure activity?
- ▶ Ask your customers what vacation activities they have planned while away - will help you determine if there may be some restrictions/exclusions for common vacation activities



# Before You Start

## DON'T

- ▶ Assume that customers...
  - ▶ Understand the product
  - ▶ Always wants the lowest premium
  - ▶ Know what activities are & aren't covered

Kenzie Markey, 32, plummeted to the ground when her parachute collapsed. She suffered a collapsed lung, a broken femur, pelvis and eye socket, and brain swelling. Although she survived, Markey has racked up \$500,000 in medical bills in a little more than two weeks.



During a jump over Arizona April 6, Kenzie Markey's parachute collapsed, sending her plummeting to the ground. (Facebook)

Her family was stunned to learn afterwards that her insurance claim had been dismissed as invalid because Markey was participating in an extreme sport.



# Medical Health Questionnaire

## DO

- ▶ DID YOU KNOW – in a recent THiA survey, 14% of respondents knowingly answered their MHQ incorrectly, and of those, 1/2 did so to get a lower premium?
- ▶ Hand a copy of the MHQ to your customer so they can follow along at the time of sale
- ▶ The power of a signature





# Medical Health Questionnaire

## DON'T

- ▶ Interpret when unprepared customers appear with lists (or bags) of medications
  - ▶ If your customer is unsure how to answer a question, ask him/her to bring a copy of the MHQ to his/her doctor



# Stability / What's Covered

## DO

- ▶ Understand and explain what impacts a change in stability
- ▶ Explain that the stability period begins at the time of the trip, not when purchasing the policy



# Stability / What's Covered

## DO (cont.)

- ▶ Ask about pre-ex and medical history of all customers - including those who aren't answering an MHQ (typically under age 59)
  - ▶ Might be less visible - need to meet stability for 7/90/180/365 days depending on the product and/or condition
  - ▶ Always ask if taking medications and if there has been any changes, regardless of age or how healthy the customer appears



# Stability / What's Covered

## DON'T

- ▶ Assume that stability and pre-existing conditions are only applicable to insureds over the age of 60
- ▶ Guarantee coverage to a customer – travel insurance is NOT a group health & dental plan



# Product Positioning

## DO

- ▶ Higher public scrutiny on travel insurance means brokers need to work at selling more comprehensive products and stay away from price driven sales

## DON'T

- ▶ With credit card travel insurance, don't always assume there's adequate coverage in place



# Concluding the Sale

## DO

- ▶ Review Common Exclusions
  - ▶ Ongoing care - travel insurance is not a group medical/dental plan
  - ▶ Alcohol exclusion
  - ▶ Pregnancy & the “Babymoon”

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## PERSONAL FINANCE

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### Avoid having your own ‘Million Dollar Baby’: What pregnant moms need to know about travel insurance

 MELISSA LEONG | November 22, 2014 6:00 AM ET  
More from Melissa Leong | @leleong

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Reece Kimmel was born prematurely while her parents were in Hawaii. Now Blue Cross is refusing to pay the \$950,000 bill incurred. Jennifer Huculak-Kimmel/Handout

After a Saskatchewan woman gave birth prematurely to her daughter while on vacation and was walloped with a \$950,000 hospital bill, insurance providers as well as lawyers are stressing the need for people to better understand the fine print in their policies.

“Babymoons,” or vacations that expectant parents take before their babies are born, are increasing in popularity. But if you’re planning a babymoon and purchasing travel insurance, the so-called “Million Dollar Baby” case might alarm you.



# Concluding the Sale

## DO

- Provide additional materials/sources to review before the customer travels (travel.gc.ca)

Foreign Affairs, Trade and Development Canada / Affaires étrangères, Commerce et Développement Canada

Canada

### Say Yes to Travel Insurance!

◆ Why should I purchase travel insurance? ◆ How much coverage do I need? ◆ Where do I get travel insurance?

#### Why should I purchase travel insurance?

- ▶ Your Canadian health insurance is almost certainly not valid outside of Canada.
- ▶ Your provincial or territorial health plan may cover nothing or only a very small portion of the costs of medical care abroad, and never up front.
- ▶ Foreign hospitals can be very expensive and may require immediate cash payment. You could face years of debt paying off the costs of treatment for an illness or accident you suffered abroad.
- ▶ The Government of Canada will not pay your medical bills.

#### How much coverage do I need?

Your travel insurance should include health, life and disability coverage that will help you avoid large expenses, such as the cost of hospitalization and medical treatment outside Canada. Ensure your coverage includes or has provisions for:

- ▶ **Pre-existing medical conditions:** understand the definitions of, and limitations and restrictions due to, pre-existing conditions and tests and treatments you may have undergone. Ensure that any deductible costs are clearly explained in the policy, and plan your finances accordingly.
- ▶ **Medical evacuation:** ensure the policy covers medical evacuation to Canada or to the nearest location with appropriate medical care. The policy should also cover the costs of a medical escort to accompany you to your final destination.
- ▶ **Repatriation in case of death:** ensure that the plan covers the preparation and return of your remains to Canada.

#### ALWAYS VERIFY THE COVERAGE... as Maria\* found out...

Maria travelled to the Dominican Republic for a one-week getaway with her sisters when she was 34 weeks pregnant. A few days into the trip, she went into early labour and was transferred to the nearest city hospital, where she had an emergency caesarean and was then medically repatriated to Canada. The insurance provider would not pay any of the medical or transfer costs, leaving Maria with a \$75,000 bill. Unfortunately, Maria didn't review her policy and the coverage it provided before leaving. Most policies do not automatically cover pregnancy-related conditions.

#### Where do I get travel insurance?

You can purchase travel insurance through your travel agent, insurance broker or your employer's insurance provider. Your credit card company may also offer travel and health insurance. In all cases, be sure to verify the coverage.

#### Reminders:

- ▶ Register with us, and include your insurance policy details, such as the name of the insurance provider and policy number, when signing up.
- ▶ Check the **travel advice and advisories** twice for each destination as changes could affect your insurance coverage, and be sure to pack the **Travel Smart mobile app**.
- ▶ Call the nearest **Canadian embassy or consulate** for emergency assistance, or reach the Emergency Watch and Response Centre 24/7 by telephone at +1 613 996-8885 (call collect where available) or email at [sos@international.gc.ca](mailto:sos@international.gc.ca)

#### A simple day trip to the United States without insurance could end up being very costly.

February 2015

[www.travel.gc.ca/insurance](http://www.travel.gc.ca/insurance)

**Don't let unforeseen bills ruin your vacation; purchase the best travel insurance you can afford before you go!**



# Concluding the Sale

## DON'T

- ▶ Assume that all customers will read their policy wordings
  - ▶ It is in your best interest as an insurance professional to take a few moments to ask the right questions and fully explain the ins-and-outs of the policy being purchased.
  - ▶ Establish a set of best practices for staff
  - ▶ Always document conversations, questions, concerns over answers, etc.





# Concluding the Sale

## DO

- ▶ Review what to do if there is a medical emergency
  - ▶ Tell the customer to call in right away
  - ▶ Receive medical assistance, beyond financial protection
  - ▶ Some providers have penalties if not contacted within 24-48 hours
- ▶ Set expectations about claims turn around times, the process, what to do, etc.



# Concluding the Sale

## DON'T

- ▶ Hand over the wallet card and leave it to customers to fend for themselves
- ▶ Encourage common travel insurance 'myths'
  - ▶ Everything will be covered
  - ▶ They'll never have to pay up front at claims time



# Sales Tips



# Pricing Tips

- ▶ Buy before your birthday
- ▶ Work at manipulating trip length, good value with lower trip annual length and extensions for longer durations
- ▶ Utilize the Travel Within Canada and Excluding-USA plans if they are available on your product



# Annual Plans

- If located close to the border (groceries, gas, shopping, etc.), sell an annual plan - even if the customer is only planning to take one major trip
- Short annual plan with an extension
- Annual travel medical policyholders are twice as likely to also have a non-medical plan
- Benefit for you - renewal stream/revenue, consistent business, increased customer loyalty, etc.



# Tip Cancellation/Interruption

- ▶ Trip Cancellation
  - ▶ 27% of Canadians plan to buy Trip Cancellation for their upcoming summer vacation
  - ▶ Cost typically is 3-5% of the total trip value
  - ▶ Don't wait to buy Trip Cancellation coverage - they'll be at risk and the premium is the same if they buy now or later



# Work with Your Credit Union Partners

- ▶ Take a look at their touch points
  - ▶ On-hold messaging
  - ▶ In-branch tools
  - ▶ Statement messaging
- ▶ Promote cross selling initiatives, targeting travel-specific members



# Questions?







**Thanks for participating!**

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